(ii) improving the recovery factor from existing major fields by implementing Enhanced Oil Recovery (EOR)/Improved Oil Recovery (IOR) schemes. In particular, Oil and Natural Gas Corporation Ltd. (ONGC) have taken up 15 fields for this purpose at an estimated investment of Rs. 10,972 crore, which would also help in accelerating oil production from these fields;

(iii) exploring new areas, especially in deep waters and difficult frontier areas, as also the deeper layers of already producing fields;

(iv) developing newly discovered fields speedily and stepping up the use of new technologies for seismic surveys, work over and stimulation operations, drilling of wells etc. in producing areas; and

(v) acquiring equity oil and gas from abroad.

The refining capacity of the country which was 127 MMT as on 1.04.2005 is expected to increase to 138 MMT by next year as a result of expansion in the capacity of existing refineries and setting up of a few new refineries.

Rationalisation of kerosene subsidy

1485. SHRI B.K. HARIPARASAD: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether in view of short recovery from kerosene touching Rs. 13.00 a litre and its diversion becoming drain on Oil PSUs, Government proposed to take the above poverty line card holders out from the purview of subsidies;

(b) whether such a proposal when acted upon will effect in a saving of 41.2 per cent of the present kerosene subsidy bill; and

(c) what are the other salient recommendations of the NCAER study report on the rationalization of kerosene subsidy?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) With a view to assessing the genuine demand requirement of kerosene in different States/UTs, in

December 2004 the Government commissioned the first-ever comprehensive study of the subject through the National Council for Applied Economic Research (NCAER). NCAER have submitted their report in October 2005.

A copy of the recommendations of the study is annexed as statement (*See* below). The recommendations of the study, *inter-alia,* include the following:—

(i) The distribution of kerosene to households should follow a similar methodology as followed in the case of PDS of grains. All households possessing APL cards should purchase kerosene at the market price (as economic cost to the Government) and subsidized PDS kerosene should only be made available only to people with BPL, Annapurna, Antyodaya cards, etc.

(ii) Taking out APL card holders from the purview of subsidies, PDS kerosene would amount to 41.2 per cent savings of current kerosene subsidy. If the leakage is controlled this saving can give enough scope to government to maintain the subsidized kerosene price for BPL families at a lower level.

The report is under examination of the Government for taking an appropriate view on the recommendations.

Statement

Copy of the recommendations of the NCAER study report

1. Although every State has two or three tiers of kerosene monitoring systems, this system is ineffective in controlling leakages and diversion of PDS kerosene. As a result, people are forced to buy kerosene from the market at more than double the PDS price. There is, therefore, an urgent need to overhaul the monitoring system.

2. We think that by involving the panchayati raj institutions in villages and user committees in urban areas, the problem could be solved to some extent. However, it is the State Governments' responsibility to make sure that the kerosene meant for house holds reaches to retailers in right time and right quantity.

3. Although most of the BPL households are able to purchase their entire entitlement from PDS, some households are not able to purchase

their entire entitlement from PDS. The reasons for this is poverty. It is difficult for a daily wage earner to purchase even five litres of kerosene at one time. Almost half of these households couldn't afford to buy their entire entitlement at one time and the rest use other, cheaper fuels, such as wood, crop waste, dung cake, etc.

4. Government should look into the frequency of kerosene disbursement to BPL households and the same may be changed from monthly/fortnightly to weekly basis for BPL cardholders. This will help daily wage earners in taking their weekly entitlement.

5. State specific duties are quite high in some States, but his problem is partially solved by implementation of State level VAT. However, with the implementation of VAT, prices have come down in the States where State level duties were high but have gone up where the State level taxes were low.

6. There should not be any inter-and intra-State differential in kerosene prices. States may consider having uniform retail selling price of kerosene throughout the State.

7. Different State Governments follows different criteria for making allocations of PDS kerosene to different types of card holders. Generally, allocation depends on whether a household has a LPG connection or not. However, we found that the kerosene requirement of different types of cardholders is higher than their current level of consumption. The average current requirement of rural BPL card holders at the all-India level is 18 per cent more than their current level of consumption. Similarly, for APL and other card holders, the current requirement is higher by 13 and 24 per cent, respectively at the all-India level. In urban areas, the current requirement of BPL, APL and other card-holders is more than their current level of consumption by 12, 7 and 18 per cent, respectively.

8. Current household kerosene demand (inclusive of unmet demand) is nearly 93 per cent of sale of PDS kerosene. With proper monitoring, plugging in leakages in PDS kerosene distribution and reallocation of PDS kerosene across States, current level of sale of PDS kerosene would satisfy unment kerosene demand.

9. Kerosene demand is sensitive to price as far as heating (cooking and water heating) is concerned. Kerosene demand for lighting would

not change with respect to a change in prices. Since, nearly 61 per cent consumption of kerosene is for lighting, there will not be much impact of a price change on kerosene demand A one per cent increase in kerosene price would reduce kerosene demand for heating by 0.23 per cent and overall kerosene demand by 0.11 per cent. Thus, kerosene demand is relatively price inelastic. With increase in kerosene price, some rural households may shift to other non-commercial fuels, such as wood, crop waste, dung cake, etc. In urban areas people would shift from kerosene to LPG. However, if the change in kerosene prices is gradual and not in two or three years, kerosene demand would not go down much.

10. The distribution of kerosene to households, should follow a similar methodology as followed in the case of PDS of grains. All households possessing APL cards should purchase kerosene at the market price (as economic cost to the Government) and subsidized PDS kerosene should only be made available to people with BPL, Annapurna, Antyodaya cards, etc. only.

11. PDS kerosene is supplied for fishing in some coastal States. Kerala provide a sizeable amount of kerosene to fishing community from their PDS allocation. Kerosene requirement for fishing may be supplied at non-PDS price.

12. Taking out APL card holders from the purview of subsidies, PDS kerosene would amount to 41.2 per cent savings of current kerosene subsidy. If the leakage is controlled this saving can give enough scope to Government to keep subsidized kerosene price for BPL families at lower level.

Appointment of CMD in ITDC

1486. SHRI AMAR SINGH:
SHRI ABU ASIM AZMI:

Will the Minister of TOURISM be pleased to state:

(a) whether it is a fact that ITDC is still heading without a full time CMD and if so, the reasons therefor and since when the regular post is lying vacant in ITDC;